

VOLUME 3 GENERAL TECHNICAL ADMINISTRATION**CHAPTER 42 EVALUATE PART 121/135 (10 OR MORE) CONTRACT MAINTENANCE PROGRAM, CONTRACT AGREEMENTS, AND CONTRACTED WORK****Section 1 Safety Assurance System: Initial and Continual Oversight and Evaluation of Essential Maintenance and other Contract Maintenance Provider Programs and Contractual Agreements**

3-3841 REPORTING SYSTEM(S). This section is related to Safety Assurance System (SAS) Element 4.5.2 (AW), Maintenance Providers.

3-3842 OBJECTIVE. This chapter provides vital information for aviation safety inspectors (ASI) to verify the adequacy of certificate holder contract maintenance programs and to ensure effective oversight of the performance of maintenance and the required inspection program contracted to others.

3-3843 GENERAL.

A. Certificate Holder Oversight of Maintenance Providers. Over the past three decades, aircraft maintenance has evolved from mostly an “in-house” operation to an extended network of maintenance providers (MP) that fulfill contracts with certificate holders to perform their aircraft maintenance. As required by Title 14 of the Code of Federal Regulations (14 CFR) part 121, § 121.363, and 14 CFR part 135, § 135.413), each certificate holder remains primarily responsible for the airworthiness of its aircraft, whether the maintenance is contracted to another person or not. In accordance with §§ 121.373(a) and 135.431(a), certificate holders must ensure MPs are complying with their Continuous Airworthiness Maintenance Program (CAMP), applicable 14 CFR regulations, and other provided instructions when maintaining the aircraft, airframes, engines, propellers, appliances, emergency equipment, and components thereof. As such, §§ 121.369(b)(10) and 135.427(b)(10) require certificate holders to develop policies, procedures, methods, and instructions for the accomplishment of all maintenance, preventive maintenance, and alterations carried out by an MP. These policies, procedures, methods, and instructions must be acceptable to the Federal Aviation Administration (FAA) and provide for the maintenance, preventive maintenance, and alterations to be performed in accordance with the certificate holder’s maintenance program and maintenance manual. Additionally, §§ 121.368(h) and 135.426(h) require that certificate holders must provide the FAA with a list of all persons with whom they contract their maintenance.

B. Regulatory Guidance. This section contains guidance that is pertinent to the following 14 CFR sections:

- Part 1, § 1.1;
- Part 43, § 43.9;
- Part 119, §§ 119.43 and 119.59;

- Part 121, §§ 121.103, 121.105, 121.137, 121.363, 121.367, 121.368, 121.369, 121.371, 121.373, 121.375, 121.378, 121.379, 121.380, 121.703, 121.705, and 121.709;
- Part 135, §§ 135.1, 135.21, 135.413, 135.415, 135.417, 135.423, 135.425, 135.426, 135.427, 135.429, 135.431, 135.433, 135.437, and 135.439; and
- Part 145, § 145.205.

3-3844 EXPLANATION OF TERMS AND DEFINITIONS. In present policy, outsource maintenance, outsource contract maintenance, outsource maintenance provider (OMP), and substantial maintenance are used to describe the same processes used by certificate holders for the performance of maintenance by other persons. This chapter has been developed to bring clarity and standardization to this process. Sections 121.368 and 135.426 introduce new terms that are to be used from this point forward.

A. Maintenance Provider (MP).

1) The term MP means any person who performs maintenance, preventive maintenance, or an alteration for a certificate holder other than a person who is trained by and employed directly by that certificate holder. (Refer to §§ 121.368(a)(1) and 135.426(a)(1).)

2) In the past, many nonregulatory words and terms have been used in the aviation industry to describe a person who performs maintenance, preventive maintenance, and alterations for a certificate holder under the provisions of §§ 121.379(a) and 135.437, such as outsource, contract, emergency, vendor, and oncall. A maintenance, repair, and overhaul (MRO) facility is also considered to be an MP. It is important for the ASI to remember the following:

- The term used for other persons who perform maintenance for a certificate holder under the provisions of §§ 121.379(a) and 135.437 is MP. MPs can be a certificated repair station (CRS), a noncertificated organization or company, or a certificated mechanic at an airport. MPs can perform maintenance in locations, such as in a hangar, on the line, or in a shop.
- A certificate holder may arrange with an MP for the performance of maintenance, preventive maintenance, or an alteration only if all the requirements of §§ 121.368 and 135.426 have been met.
- Regardless of who performs maintenance for part 121 or 135 certificate holders, all maintenance must be performed in accordance with the certificate holder's CAMP. (Refer to §§ 121.367(a) and 135.425(a).)
- There should be no differences between maintenance performed by the certificate holder and maintenance performed for the certificate holder by an MP.

NOTE: The term contract maintenance means any maintenance, preventive maintenance, or alterations accomplished by a certificate holder's MP. However, the certificate holder always retains primary responsibility for any contract maintenance accomplished by an MP.

B. Covered Work. Covered work means any of the following (refer to §§ 121.368(a)(2) and 135.426(a)(2)):

- 1) Essential maintenance that could result in a failure, malfunction, or defect endangering the safe operation of an aircraft if not performed properly or if improper parts or materials are used;
- 2) Regularly scheduled maintenance; or
- 3) A Required Inspection Item on an aircraft.

C. Directly in Charge. Directly in charge means having responsibility for covered work performed by a maintenance provider. A representative of the certificate holder directly in charge of covered work does not need to physically observe and direct each maintenance provider constantly, but must be available for consultation on matters requiring instruction or decision. (Refer to §§ 121.368(a)(3) and 135.426(a)(3).)

NOTE: The term “available for consultation” may be broadly interpreted. This allows the certificate holder flexibility to use numerous information technology methods—such as high resolution photographs, text messaging, the Internet—to acquire the information necessary to make decisions and provide instructions.

NOTE: The representative of the certificate holder directly in charge of work should be familiar with all MP programs which may be accepted into the certificate holder’s CAMP.

D. Essential Maintenance.

- 1) The Essential Maintenance Provider (EMP) is any MP that is used by a part 121 or 135 certificate holder to accomplish required inspection items (RII).

NOTE: Essential maintenance is for the RII of on-wing maintenance. On-wing maintenance is to mean the entire aircraft.

- 2) Splitting an engine case is not essential maintenance unless the certificate holder has designated that item of maintenance as an item that must be inspected (requiring inspection) when the engine is still installed on the airplane only.

- 3) Essential maintenance encompasses any on-wing RII accomplished after any maintenance or alteration. Essential maintenance is maintenance that, if done improperly, or if improper parts or materials were used, would result in a failure effect that would endanger the continued safe flight and landing of the airplane. Essential maintenance is the accomplishment of the certificate holder-designated on-wing inspection item. Essential maintenance does not encompass any off-wing maintenance.

- 4) The terms other persons, maintenance provider, and certificate holder are used in this section wherever appropriate because they are consistent with the regulatory language used in part 121 subpart L. The intended meaning of the word person is, as stated in part 1, an

individual, firm, partnership, corporation, company, association, joint-stock association, or governmental entity.

3-3845 CONTRACT REQUIREMENTS.

A. Certificate Holder Maintenance Responsibility. Throughout the process of evaluating the contracting of maintenance, it is important to remember that the certificate holder has the responsibility for the performance and quality of the maintenance (§§ 121.363 and 135.413). The certificate holder cannot delegate this responsibility. The MP's organization becomes, in effect, an extension of the certificate holder's maintenance organization. The certificate holder's contract maintenance program should demonstrate that they retain the responsibility and the authority to decide what to do, when to do it, and how to do it. Additionally, §§ 121.368 and 135.426 require that:

- 1) Each certificate holder must be directly in charge of all covered work done for it by a maintenance provider.
- 2) Each maintenance provider must perform all covered work in accordance with the certificate holder's maintenance manual.
- 3) No maintenance provider may perform covered work unless that work is carried out under the supervision and control of the certificate holder.

NOTE: The certificate holder representative does not need to be physically present to observe the maintenance, but should be available to make decisions or give instructions. Refer to the current edition of Advisory Circular (AC) 120-106, Scope and Recommended Content for a Contractual Agreement Between an Air Carrier and a Maintenance Provider, for additional information on contract requirements.

- 4) Each certificate holder who contracts for maintenance, preventive maintenance, or alterations must develop and implement policies, procedures, methods, and instructions for the accomplishment of all contracted maintenance, preventive maintenance, and alterations. These policies, procedures, methods, and instructions must provide for the maintenance, preventive maintenance, and alterations to be performed in accordance with the certificate holder's maintenance program and maintenance manual.
- 5) Each certificate holder who contracts for maintenance, preventive maintenance, or alterations must ensure that its system for the continuing analysis and surveillance of the maintenance, preventive maintenance, and alterations carried out by the MP, as required by §§ 121.373(a) and 135.431(a), contains procedures for oversight of all contracted covered work.
- 6) The policies, procedures, methods, and instructions required by subparagraphs 3-3845A3) and 3-3845A4) must be acceptable to the FAA and included in the certificate holder's maintenance manual, as required by §§ 121.369(b)(10) and 135.427(b)(10).

7) The FAA should have an accurate, consistent inventory of each certificate holder's MP. Therefore, §§ 121.368(h) and 135.426(h) require that each certificate holder who contracts for maintenance, preventive maintenance, or alterations must provide to its FAA certificate-holding district office (CHDO) a list of MPs in a format acceptable to the FAA. This list must include the name and physical (street) address, or addresses, where each MP performs work for the certificate holder, and a description of the type of maintenance, preventive maintenance, or alteration the MP will perform at each location. The list must be updated with any changes, including additions or deletions, and the updated list provided to the FAA in a format acceptable to the FAA by the last day of each calendar-month.

a) When submitting the maintenance provider list (MPL) required by §§ 121.368(h) and 135.426(h) to the FAA, there are two MPL templates available to certificate holders that are acceptable to the FAA: MPL Template-Excel and MPL Template-XML. Both templates can be downloaded from the Flight Standards Service Aircraft Maintenance Division (AFS-300) Web site under the AFS-300 Job Aids section. Two additional MPL informational files are available on the Web site:

1. MPL Import—This document defines field names, descriptions, field length, and other information required to understand the required structure of both of the supported formats.

2. MPL Information—This document provides information and instructions about contractors used by parts 121, 135, 121/135, and 145 in two formats; these formats are Excel and XML.

b) Once completed, the MPL must be submitted to the certificate holder's FAA CHDO by the last calendar-day of each month. The AFS-300 Web site can be found at http://www.faa.gov/about/office_org/headquarters_offices/avs/offices/afs/afs300/. When received from the certificate holder, CHDOs that have transitioned to SAS will import the MPL into SAS. ASIs will then perform a risk assessment of any changes to the MPL, and update the Certificate Holder Assessment Tool (CHAT) as required.

c) CHDOs that have not transitioned to SAS will maintain the MPL with established methods. ASIs will document receipt, risk analysis, and any action taken in the applicable program (ATOS or NPG).

d) The MPL does not include subcontractors used by the MP. The certificate holder should accept the MP's subcontractors at the forefront of the contractual agreement and ensure that procedures exist to notify the certificate holder of any future changes.

B. Performance of Maintenance. Sections 121.367(a) and 135.425(a) require that all maintenance, preventive maintenance, or alterations performed by other persons be performed in accordance with the certificate holder's manual. Certificate holders detail in their manuals the policies, procedures, instructions, and methods for all maintenance personnel to follow to ensure the airworthiness of its aircraft, airframe, engines, propellers, appliances, emergency equipment, and parts thereof.

C. Maintenance Scope. The performance of maintenance language includes all facets of performing maintenance on certificate holder's aircraft or components and includes, but is not necessarily limited to, the following areas of the certificate holder's CAMP:

- 1) Maintenance personnel training (including inspection personnel and RII-authorized personnel);
- 2) Instructions for the accomplishment of maintenance and inspections (including the use of maintenance manuals, work cards, Engineering Orders (EO), etc.);
- 3) Duty time;
- 4) Maintenance documentation and that documentation's control (including documenting scheduled and nonroutine maintenance and the use of documents to control work packages);
- 5) Maintenance records (including record retention and the transfer of maintenance records);
- 6) Parts handling, storage, and identification (including receiving, inspection, and the use of parts tags); and
- 7) Calibrated tools and test equipment.

D. Maintenance Procedures. These procedures should cover all aspects of contract maintenance, from contracting heavy maintenance visits to component repair to oncall line maintenance. The certificate holder must establish in its manual the policies, procedures, methods, and instructions for the accomplishment of all maintenance, preventive maintenance, and alterations carried out by an MP. The certificate holder should specifically explain how the contract provider will be provided the appropriate instructions for the accomplishment of the maintenance, and should document the methods for identifying and disseminating those portions of the certificate holder's manual that an MP must follow. It is only when the certificate holder has implemented these requirements that the regulatory requirements can be satisfied.

E. Proprietary Data. Many times, certificate holder general maintenance manuals are designed for in-house maintenance. This is aggravated when the manual contains proprietary or other confidential information that a certificate holder may not want to share with an MP. In many cases, the MP also works on competitor's aircraft. This has a tendency to make certificate holders reluctant to share this information, and therefore they do not. Proprietary data issues should be addressed by carefully drafted contractual agreements between the certificate holder and the MP.

F. MP Listing Within the Certificate Holder's Manual or Manual System. Sections 121.369(a) and 135.427(a) require that a certificate holder must put within its manual a list of persons with whom it has arranged for the performance of any of its required inspections, other maintenance, preventive maintenance, or alterations, including a general description of that work. Most certificate holders have a large number of individual manuals that comprise the certificate holder manual system. It is expected that the MP listing required

by §§ 121.369(a) and 135.427(a) is identified as one of those manuals or that it is within the certificate holder's manual system.

G. Hired Persons. Mechanics hired by the certificate holder as a company employee do not qualify as an MP and should not be listed on the MPL. In the case of an individual that is hired as an MP, he or she will be listed on the MPL and is also considered an EMP when they are given RII authority. In addition, an individual should be listed when:

- 1) They are hired for labor only and are trained, qualified, and authorized in accordance with the certificate holder's procedures.
- 2) The certificate holder provides the facilities, parts, tools, equipment, manuals, and other necessary elements, as required by the airline's manual.
- 3) They get the required audits, as documented in the certificate holder's Continuing Analysis and Surveillance System (CASS).
- 4) An individual who provides his or her services as an oncall mechanic or who is hired as a contract flight mechanic must be listed in the vendor listing, as required by §§ 121.369(a) and 135.427(a).

H. Organization Extension. When a certificate holder uses another person to perform maintenance, preventive maintenance, and alterations, that person becomes an extension of the certificate holder's organization. As stated in §§ 121.379(a) and 135.437(a), authority comes from the certificate holder to the MP through the arrangement for the performance of maintenance.

I. Work Categories. The MP work description categories are very broad. The following are the five categories for classifying work. Keep in mind that the certificate holder is responsible for classifying its work into these categories, not the FAA.

1) Aircraft Maintenance:

a) **Heavy Maintenance.** An example of heavy maintenance could be the inspection and repair of the aircraft airframe, performed at specified time intervals. These intervals are based upon the guidelines of the aircraft manufacturer, the National Aviation Authority (NAA), the FAA, and the European Aviation Safety Agency (EASA), and further refined by the airline or operator. Scheduled inspections are typically based on a fixed number of flight hours. There are four levels of inspection, usually termed "A," "B," "C," and "D" checks. A and B checks are normally considered part of line maintenance. C and D checks are classified as heavy maintenance.

b) **Line Maintenance.** Line maintenance includes light, regular checks to ensure that the aircraft is safe for flight. Line maintenance also includes troubleshooting, defect rectification, and component replacement. Aviation Maintenance Technicians (AMT) (Airframe and Powerplant (A&P) Mechanics) diagnose and correct issues on the aircraft and carry out these checks on an ad-hoc basis or at a scheduled interval. Line maintenance consists of three primary activity categories: transit checks, daily and weekly checks, and A checks.

- 2) **Aircraft Engines.** Includes off-airplane maintenance of aircraft engines.
- 3) **Propeller Work.** Includes off-airplane maintenance of propellers and propeller control components.

4) **Components.** Includes work carried out in the shop environment when components have been removed from an aircraft due to condition, scheduled inspection, or repair, and conducts preventive maintenance in order to return them to serviceable condition.

5) **Specialized Service.** Includes services such as x-ray, plating, eddy current, painting, shot peening, plasma spray, composite structures maintenance, weighing, welding, etc.

J. Unexpected Requirement for Unscheduled Maintenance. Unscheduled maintenance may occur at any time. If a requirement for unscheduled maintenance occurs as a result of one cause or another, the FAA expects each certificate holder to have demonstrated that it has competent personnel and adequate facilities and equipment (including spare parts, supplies, and materials) available to address instances of unscheduled maintenance at a diversion airport. A diversion airport, or airports, is required to be identified in each certificate holder's flight plan. Each diversion airport identified is considered to be along the certificate holder's approved route. Further, if a domestic or flag certificate holder is operating off its approved routes, it must operate under the applicable supplemental rules and demonstrate compliance with § 121.123 in regard to competent personnel and adequate facilities and equipment (including spare parts, supplies, and materials). Refer to §§ 121.105 and 121.123; part 135 does not have a corresponding rule.

K. Manual Review. ASIs should continually review and verify the sections or chapters of the certificate holder's manual dealing with the contracting of maintenance to ensure that it is continually updated to reflect changes in its system operations and routing. This section must provide ready reference for contractors and company personnel with an easily controllable and convenient section of its manual in order to meet the requirements of 14 CFR part 145, § 145.205. In addition, it is especially important that this task be accomplished prior to conducting a Certificate Holder Evaluation Process (CHEP) focus inspection. The inspectors follow standard policies and procedures to evaluate parts 121, 135, and 145 certificate holders. During the inspection the information in the manual can be verified. See Volume 10, Chapter 8, Section 1 for information on conducting these focused inspections.

L. Qualifications. Regulations require that each person with whom a certificate holder arranges with for the performance of maintenance, preventive maintenance, and alterations must have:

- 1) An organization adequate to perform the work. (Refer to §§ 121.365(a) and 135.423(a).)
- 2) Competent personnel and adequate facilities and equipment for the proper performance of maintenance, preventive maintenance, and alterations. (Refer to §§ 121.367(b) and 135.425(b).)

3) Relevant and current technical and administrative material from the certificate holder's manual for the work to be performed. (Refer to §§ 121.137(a)(1) and 135.21(d).)

4) A current listing of individuals trained, qualified, and authorized by the certificate holder to conduct required inspections. The list must identify these individuals by name, occupational title, and the inspection(s) they are authorized to perform. (Refer to §§ 121.371(d) and 135.429(e).)

5) A training person to ensure that each person (including inspection personnel) who determines the adequacy of work done is fully informed about procedures, techniques, and new equipment in use, and is competent to perform his or her duties. (Refer to §§ 121.375 and 135.433.)

M. Subcontracted Maintenance. The certificate holder's manuals should also address contracted maintenance that is subcontracted to one repair station and then subcontracted out again to other repair stations and noncertificated entities. Certificate holders that rely solely on the repair stations to oversee the subcontracted work without involvement are doing so contrary to the regulations (§§ 121.363, 121.367(a), 135.413, and 135.425(a)). Certificate holders are responsible for all maintenance to their aircraft. All contractors must be provided instructions and directions for the performance of that maintenance. This also includes the subcontracting of labor that supplements the contract provider's labor.

N. Maintenance Program Performance Procedures. Due to the wide variety and different levels of contracting out maintenance, the certificate holder may evaluate and accept into its CAMP the procedures used by the contractor for the performance of maintenance. However, the certificate holder's CAMP must contain the manner used to evaluate, accept, and authorize the contract provider's procedures. (Refer to §§ 121.369(b)(10) and 135.427(b)(10).)

NOTE: The provisions set forth for the MP guidance and the subsequent issuance of Operations Specification (OpSpec) D091, Requirements: Air Carrier Maintenance Providers, are applicable to part 121 certificate holders.

1) Certificate Holder Contracts for an All-Encompassing Maintenance Program. These situations allow for a certificate holder to contract with another equivalent certificate holder for the purposes of the performance of maintenance (including required inspections). In this category, all maintenance is performed in accordance with the contractor's programs, methods, procedures, and standards. The certificate holder's aircraft is considered part of the contractor's fleet for purposes of maintenance program content and maintenance intervals, including reliability control. However, this does not alleviate the certificate holder of its ultimate responsibility for the maintenance performed on its aircraft. The issuance of the OpSpec will authorize this type of contractual arrangement. (See Volume 3, Chapter 18, Section 6, Parts D and E Maintenance OpSpecs/MSpecs/LODAs).

2) Certificate Holder Participates in Parts Leasing or Exchanging Pool. Because the certificate holder is responsible for the airworthiness of its aircraft and the performance of its maintenance, contract arrangements with persons or organizations that supply parts and

components other than new supply parts and components on a lease or exchange basis should also be considered MPs. Leases or exchanges that do not allow the certificate holder to be in control of the maintenance of the leased or exchanged part or component while it is in a maintenance status are contrary to the regulations, as they circumvent the responsibility for the performance of maintenance.

3) Part Transactions. There are two types of part transactions that may take place when a certificate holder sends a component to a supplier to have it replaced with a new or repaired part. ASIs should review the contractual agreement between the person providing the part and the air carrier, the work order that the air carrier sends along with the part to the person supplying the part, or both.

a) **Sales Transaction.** In this transaction, the certificate holder may sell its component to a parts broker and the certificate holder then buys the serviceable part from the contracted maintenance provider. This is basic buying and selling (a sales transaction) and the end product does not involve maintenance since the air carrier is buying the part and not sending it out for maintenance. The cost to the certificate holder is the cost of the part (i.e., list or retail price for the part). These transactions involve persons who are not authorized to accomplish maintenance on the part. In this instance, the parts broker would not be listed on the MPL. The surveillance focus for this type of transaction would be on the certificate holder's receiving inspection and the process of bridging the part into the certificate holder's system.

b) **Maintenance Transaction.** If the air carrier sends a part out for maintenance to a maintenance provider authorized to accomplish maintenance on the part, and the maintenance provider simply exchanges the received part for a serviceable one it had on the shelf, it is a maintenance transaction and not a sales transaction. The cost to the air carrier is the cost of the maintenance and not the cost of the part itself. In this instance, the maintenance provider would be listed on the MPL and the surveillance focus would be on the air carrier's contract maintenance program.

4) Required Inspections Regulations.

a) **Adequate Organization.** Sections 121.365(b) and 135.423(b) require each certificate holder that performs any inspections required by its manual in accordance with §§ 121.369(b)(2) or (3) and 135.427(b)(2) or (3), and each person with whom it arranges for the performance of that work, must have an organization adequate to perform that work. In other words, all persons performing required inspections must have an adequate organization to perform the inspection.

b) **Manual Requirements.** Sections 121.369(a) and 135.427(a) require that certificate holders must list in their manuals other persons with whom they have arranged for the performance of required inspections, including a general description of that work. This listing should be in a standardized format to align with the requirements of §§ 121.368(h) and 135.426(h) and OpSpec D091. The listing should:

1. Outline five general descriptions of work and a description of the type of maintenance, preventive maintenance, or alteration that is to be performed at each location.

2. Contain the name and physical address, or addresses, where the work is carried out by each MP.
3. Identify the MPs who are authorized to accomplish essential maintenance.
4. Include the specific RII that each MP is authorized to accomplish.

O. Continuing Analysis and Surveillance System (CASS). Per §§ 121.373 and 135.431, the certificate holder must maintain a system for the continuing analysis and surveillance of the performance and effectiveness of its contract maintenance program and provide corrective actions for any discrepancies found. As part of its CASS, the certificate holder should establish a schedule for accomplishing continuing audits or inspections, designed to determine the MP's level of compliance with the specific work instruction and the procedures in the certificate holder's manual. A number of variables will dictate the frequency of these audits or inspections, such as the certificate holder's level of confidence in the MP, the complexity and quantity of the work, the quality of the work produced, and the quality of the records and certifications produced. Because of these variables, certificate holders will have audit schedules that differ from one another. Each certificate holder should have an audit schedule based on its own unique set of circumstances and needs.

NOTE: The MP operates as an extension of the certificate holder's maintenance organization, and the resultant relationship in regard to maintenance, preventive maintenance and alterations should be transparent in all respects. The certificate holder should ensure contractual agreements include reciprocal sharing of information from voluntary programs, such as the Aviation Safety Action Program (ASAP) and Voluntary Disclosure Reporting Program (VDRP).

NOTE: This reciprocity is essential in order to identify deficiencies or inadequacies in the certificate holder's CAMP. Voluntary program data should be included in the certificate holder's CASS and used to monitor the effectiveness of safety risk controls and as a measurement of the organization's safety performance. For more information, refer to the current editions of AC 00-58, Voluntary Disclosure Reporting Program, and AC 120-66, Aviation Safety Action Program (ASAP).

P. Coordinating Agencies for Supplier's Evaluation (C.A.S.E.). C.A.S.E. functions as a contract auditor for its certificate holder members. Qualifying C.A.S.E. audits for an EMP audit can be used for operator followup audits on EMPs, provided the C.A.S.E. audit has been accomplished within the previous 6 months and if the C.A.S.E. 1A audit checklist includes the airline-specific requirements. A C.A.S.E. audit may not be used as an initial audit for newly proposed EMPs.

1) The FAA is charged with the safety oversight of certificate holders, including all other persons, certificated or not, used by the certificate holder to perform maintenance, preventive maintenance, and alterations. There should be no differences in the FAA oversight of a certificated MP and one that is not certificated. Aircraft maintenance, no matter who performs it or where it is performed, requires effective oversight.

2) In any case, the C.A.S.E. audit alone does not satisfy regulatory requirements of §§ 121.373 and 135.431. Data collected by the C.A.S.E. audit must be analyzed to determine that the certificate holder's programs are working effectively and that any deficiencies are corrected. The C.A.S.E. program must be integral to the certificate holder's CASS.

Q. Airworthiness Release or Aircraft Log Entry (Required by §§ 121.709 and 135.443). For the purposes of contract maintenance, it is important to note that §§ 121.709(b)(3) and 135.443(b)(3) outline specific requirements for the persons authorized to sign an airworthiness release or aircraft log entry. As defined in part 1, § 1.1, a person is an individual, firm, partnership, corporation, company, association, joint-stock association, or government entity. Thus, a repair station, as a company, qualifies as a person defined in § 1.1 and can prepare, or cause to be prepared, an airworthiness release or an appropriate entry in the aircraft log. Such a release or aircraft log entry is limited to the work the repair station is rated to perform and actually performs on an aircraft for certificate holders operating under parts 121, 125, and 135. However, in preparing the airworthiness release or aircraft log entry, the person or, in this instance, the part 145 CRS, must comply with the procedures set forth in the part 121 or 135 certificate holder's manual for preparing the airworthiness release or aircraft log entry. Because there is no reference to "person" in §§ 121.709(b) or 135.443(b), the "certificate holder" refers not to the repair station, but the part 121 or 135 certificate holder for whom the repair station is performing maintenance. This provision corresponds to the parts 121 and 135 certificate holder's duty under §§ 121.367 and 135.425 to ensure that not only are competent personnel performing maintenance on their fleets, but that each aircraft released to service is airworthy.

3-3846 PREREQUISITES AND COORDINATION REQUIREMENTS.

A. Prerequisites. Previous experience with part 121 or 135 certificate holders.

B. Coordination. This task requires coordination between the principal maintenance inspector (PMI) and principal avionics inspector (PAI) of the Flight Standards District Office (FSDO) or certificate management office (CMO) that is responsible for the organization with whom the certificate holder has made maintenance arrangements.

3-3847 REFERENCES, FORMS, AND JOB AIDS.

A. References (current editions):

- Title 14 CFR Parts 43, 91, 119, 121, and 135.
- AC 120–16, Air Carrier Maintenance Programs.
- AC 120–79, Developing and Implementing an Air Carrier Continuing Analysis and Surveillance System.
- AC 120–106, Scope and Recommended Content for a Contractual Agreement Between an Air Carrier and a Contract Maintenance Provider.
- Operator, contractor, or manufacturer's manuals.

B. Forms. OpSpec D091.

C. Job Aids. Automated OpSpecs checklists and worksheets.

3-3848 PROCEDURES.

A. SAS Guidance. Use SAS DCTs for Element 4.5.2, (AW), Maintenance Providers, and follow SAS guidance for Modules 4 and 5.

B. Maintenance Provider Audits. The certificate holder must conduct an audit in accordance with its contract maintenance provider qualification process before it places an MP on the MP listing. The certificate holder should have a method to determine if the MP has the capability to do the requested work. A certificate holder's CASS needs to address both internal and external audits, and the certificate holder must have procedures for its auditing process, including the scheduling of audits. Audits are intended to ensure that inspection and maintenance personnel, and outside MPs, comply with the operator's manual, program, and all applicable requirements. The audit may be onsite or by some means other than an onsite audit.

C. Essential Maintenance Provider Audits. Before adding an EMP to the MP listing, the certificate holder must conduct an onsite audit to determine that each proposed EMP has an adequate organization, competent personnel, and adequate facilities and equipment. The regulatory requirements are §§ 121.367, 121.373, 135.425, and 135.431. Sections 121.373 and 135.431 do not have a specific requirement to accomplish audits; it does have a certificate holder requirement to demonstrate that their MPs comply with §§ 121.367, 135.425, and all of the RII requirements. Further guidance for the certificate holder can be found in AC 120-79. The certificate holder's MP or EMP audit should take into account all of the applicable regulations of parts 121 and 135 that apply to an MP through §§ 121.1(b), 121.365, 121.367(a), 135.1(a)(2), 135.423, 135.425(a), and all of those regulations related to RII.

NOTE: FAA's EMP onsite audits are required to be accomplished on a scheduled basis. It is recommended that the EMP followup surveillance be conducted at intervals not to exceed 3 calendar-years. If an EMP has not performed maintenance work for the certificate holder since the provider list was last revised, that EMP would still have a requirement to be inspected by the FAA.

NOTE: Essential maintenance encompasses any RII accomplished on-wing after any maintenance or alteration. Essential maintenance is maintenance that if done improperly or if improper parts or materials were used, it would result in a failure effect that would endanger the continued safe flight and landing of the airplane. Essential maintenance is the accomplishment of the certificate holder-designated on-wing inspection item. Essential maintenance does not encompass any off-wing maintenance.

D. Surveillance. Sections 121.369(b)(10) and 135.427(b)(10) require that the certificate holder's manual contain the policies, procedures, methods, and instructions for the accomplishment of all maintenance, preventive maintenance, and alterations carried out by an MP. These policies, procedures, methods, and instructions must be acceptable to the FAA and provide for the maintenance, preventive maintenance, and alterations to be performed in accordance with the certificate holder's maintenance program and maintenance manual. ASIs

should ensure that these policies, procedures, methods, and instructions are easily recognizable and address all aspects of contract maintenance.

E. CAMP Compliance. Under §§ 121.367 and 135.425, the certificate holder's CAMP must ensure that the MP will perform work in accordance with the certificate holder's program. Additionally, §§ 121.368(c) and 135.426(c) require that each maintenance provider must perform all covered work in accordance with the certificate holder's maintenance manual. The information necessary to ensure compliance with the certificate holder's CAMP should be made available to the MP before the work begins. The certificate holder must ensure that the MP follows the contract information supplied.

F. Airworthiness Determination. In accordance with §§ 121.367(b) and 135.425(b), the certificate holder must ensure that the MP has competent personnel, adequate equipment, and facilities. By showing that all of the above requirements are complied with, the certificate holder is able to ensure that its aircraft are properly released to service in an airworthy condition under the certificate holder's specific CAMP.

1) Under §§ 121.369 and 135.427, the certificate holder's manual must cover the administration of its CAMP, as written in its manual. The manual must include specific methods for complying with the applicable sections of parts 121 and 135 when MPs perform maintenance, preventive maintenance, and alterations on behalf of the certificate holder. These sections also require the certificate holder to list in its manual the persons with whom it contracts for maintenance and RII, and to include a description of the contracted work.

2) The following specific areas must be addressed in the certificate holder's CAMP.

a) Under §§ 121.365, 135.423, and 135.425, the certificate holder must ensure that the person with whom it arranges to perform maintenance has an organization adequate to perform the work. The certificate holder must evaluate the minimum organizational requirements that a MP must meet for a particular job. The certificate holder must ensure that the MP is capable of performing its CAMP requirements, as provided by or as authorized by the certificate holder for the type of work being contracted.

b) Furthermore, if RII are to be accomplished by the MP, the inspection functions within the contracting organization must be separate from the other maintenance, preventive maintenance, and alteration functions. If the certificate holder's maintenance program or procedures require specific compliance aspects, the certificate holder must ensure that the MP is equally capable of following its manual procedures, written instructions, and any work scope provided.

G. Required Inspection Personnel.

1) As required by §§ 121.371(a) and 135.429(a), no person may use any person to perform required inspections unless the person performing the inspection is appropriately certificated, properly trained, qualified, and authorized to do so.

2) Sections 121.371(d) and 135.429(e) require that each certificate holder shall maintain or determine that each person with whom it arranges to perform its required inspections maintains a current listing of persons who have been trained, qualified, and authorized by the certificate holder to conduct required inspections. The persons must be identified by name, occupational title, and the inspection that they are authorized to perform. The certificate holder shall give written information to each person so authorized by the certificate holder, describing the extent of the person's responsibilities, authorities, and inspectional limitations. Additionally, the certificate holder must provide this list for inspection upon FAA request.

3) The certificate holder's audit used to survey MPs or EMPs should include a specific review of RII qualifications and records of the individual RII-designated personnel.

4) RII qualification requirements apply to both the entity, if there is one, as well as the individual who actually carries out the required inspection. An Essential Maintenance Provider is anyone who is used by the certificate holder to accomplish the inspection that the certificate holder has designated as an on-wing RII. It does not include the actual maintenance that requires the RII.

H. RII Essential Maintenance Provider One-Time Events. An RII relates directly to flight safety, and §§ 121.371 and 135.429 do not differentiate between a one-time authorization and an authorization for continuing use. As such, a one-time RII EMP authorization must be accomplished under the same process as an authorization for a continuing use. The one-time authorization is exactly that. If a certificate holder makes an authorization due to unscheduled RII requirements, it should have in its manual a process to identify repetitive usage for the same person.

1) In addition to any OpSpec D091 requirements, ASIs should verify that the certificate holder's RII qualification and authorization process, including a "one-time RII authorization," demonstrates compliance with the regulatory requirements of §§ 121.371 and 135.429.

2) The certificate holder's process for a "one-time" authorization may not require an onsite audit to be accomplished before using the RII EMP. However, the process must meet all of the regulatory requirements for authorizing a person to accomplish the required inspection. The certificate holder should have a process in its manual that identifies how it meets all of the regulations for this "one-time" authorization.

3) The one-time RII authorization must be accomplished under the same process used to qualify the certificate holder's own employees. The certificate holder should use the process that it has adopted and documented in its manual for one-time RII authorization.

3-3849 CASS. Under §§ 121.373(a) and 135.431(a), the certificate holder must continually survey its CAMP and all persons acting under that program to ensure continuous compliance with its CAMP and the regulations. As such, certificate holders must perform audits of all of their MPs. Sections 121.368(f) and 135.426(f) require certificate holders to have procedures within their CASS for oversight of all contracted work. The certificate holder's CASS should detect, identify, and provide timely corrective action, on a continuing basis, for all deficiencies or

deviations in those portions of the CAMP accomplished by the MP, including maintenance recordkeeping.

A. CASS Audits. To ensure compliance with its maintenance program and maintenance manual, the certificate holder's CASS audits should be very specific in nature. It is recommended that the certificate holder have an "in-process" audit type that will follow the maintenance through its cycle to ensure that the MP complies with the certificate holder's CAMP.

B. Subcontractor Evaluation. Certificate holders will not normally perform audits of subcontracted MPs with which certificated repair facilities subcontract. However, the certificate holder must have a process that determines if the subcontracted MP has the organizational structure, competent and trained personnel, adequate facilities, and equipment to perform the intended functions. This process must ensure that the certificate holder maintains its responsibility for airworthiness, as required by §§ 121.363 and 135.413, by being in control of its maintenance, regardless of who performs it.

1) Training Programs. As required by §§ 121.375 and 135.433, each certificate holder or person performing maintenance or preventive maintenance functions for it shall have a training program to ensure that each person (including inspection personnel) who determines the adequacy of work is fully informed about procedures, techniques, and new equipment in use and is competent to perform his or her duties. This applies to any person employed by any company that performs maintenance for a certificate holder. The certificate holder should detail in its CAMP how it will comply with these regulations for all contract maintenance personnel. The certificate holder may evaluate and accept the training programs of the MP if it has determined that the MP's program is equivalent to its own and meets the requirements of §§ 121.375 and 135.433. This process should be described in detail within the certificate holder's CAMP.

2) Duty Time. Under § 121.377, the certificate holder must ensure that its MPs follow the duty time requirements. If the certificate holder's CAMP indicates that the MP provides specific assurances, the contractor must provide those assurances. The certificate holder should ensure that the MP has procedures in place to ensure that those assurances are being met.

3) Certificate Requirements. As required by §§ 121.378 and 135.435, each person who is directly in charge of maintenance, preventive maintenance, or alterations, and each person performing required inspections must hold an appropriate airman certificate, unless the MP is located outside the United States.

4) Authority to Perform. Under §§ 121.379 and 135.437, the certificate holder is authorized to perform or arrange for the performance of maintenance on its own aircraft as set forth in the certificate holder's CAMP. The center of the relationship between certificate holders and MPs are the procedures and assurances set forth in the certificate holder's CAMP. The ASI should continually ensure that the certificate holder is able to establish compliance with its own procedures, either through direct supervision, surveillance, auditing, or through appropriate controls such as contractual relationships.

5) Records. Under part 43, § 43.9, and §§ 121.380 and 135.439, aircraft owners and operators must maintain specific records. If the certificate holder's CAMP indicates that the responsibility of making regulatory records available may be delegated to MPs, the certificate holder should clearly define the records to be maintained, the length of time the records should be kept, and the form and manner of maintaining those records. (Refer to § 119.59(b)(1)(ii).) This must also include where the records will be physically located and how the information will be included in the certificate holder's CASS.

C. Other Areas of Consideration.

1) Sections 121.379(b) and 135.437(b) state that a certificate holder may approve any aircraft, airframe, aircraft engine, propeller, or appliance for return to service after maintenance, preventive maintenance, or alteration. However, in the case of a major repair or a major alteration, the work must have been done in accordance with technical data approved by the Administrator.

2) The certificate holder should have procedures that ensure prompt reporting per the requirements of §§ 121.703 and 121.705 or §§ 135.415 and 135.417.

3) The certificate holder must update the MPLs required by §§ 121.368(h) and 135.426(h) with any changes, including additions or deletions, and provide the updated list to the FAA by the last day of each calendar-month.

4) Certificate holders who are authorized by OpSpecs to utilize C.A.S.E. audits for the surveillance of repair stations should have procedures in their manual to determine if C.A.S.E. audits are acceptable to use for the work being performed.

5) Certificate holders who participate in parts leasing or exchange pools should have policies and procedures in place to ensure that the regulatory responsibility for the performance of maintenance and CASS are met. Data produced by these parts or components should be analyzed to determine that the certificate holder's programs are working effectively as intended and that any deficiencies are corrected.

6) A certificate holder that elects to obtain the services of an MP either on an unscheduled or short notice basis must include specific procedures for doing so in its manual. Refer to §§ 121.369(b)(10) and 135.427(b)(10).

D. Communication Between the Certificate Holder and its MPs. An MP is placed on the certificate holder's provider list once the contract agreement is signed and the certificate holder performs the required audit. Once that is accomplished, the certificate holder is obligated to advise the MP of that status. A certificate holder communicates the capabilities for their MPs in the manner outlined in their manual. Refer to §§ 119.43 and 121.137.

1) All necessary policies and procedures must be included in the certificate holder's manual in order for the certificate holder to determine that all subcontracted work performed is accomplished in accordance with the CAMP. This includes subcontracted labor at the certificate holder's facility or at a contract maintenance facility. Refer to §§ 121.369(b)(10) and 135.427(b)(10).

2) All necessary policies and procedures to transfer and receive data and information necessary to support the CASS program, reliability program, or other programs from which the certificate holder has interfaces with the MP should be included in the certificate holder's manual.

E. Evaluating and Accepting the Procedures or Methods of an MP as Part of the Certificate Holder's CAMP.

1) Instead of a certificate holder reiterating the maintenance requirements or publications that are already contained in a contract provider's manual, the certificate holder may evaluate and accept the provider's manual, in part or as a whole, as part of its CAMP. This evaluation should include the key elements of the performance of maintenance as described in paragraph 3-3843.

a) For example, a certificate holder's calibrated tool interval for recalibration is 12 months and a review of the MP's manual shows that their requirement is 18 months. In this situation, the certificate holder can evaluate the calibrated tool program of the provider and accept the 18-month interval, or the certificate holder can instruct the provider that the calibrated tools used on their aircraft must be calibrated within the last 12 months.

b) Another example is maintenance documentation. The certificate holder's program may require all maintenance discrepancies to be documented on its specific company forms. A certificate holder can evaluate the maintenance forms used by the MP and determine that their methods of documenting maintenance are acceptable and allow the MP to use their forms instead of the certificate holders.

2) In either case, it is important to note that this evaluation is not necessarily a comparison of the MP's manuals to the certificate holder's manuals to determine that the programs are the same, but rather an evaluation of the MP's manual to determine if their program is acceptable to the certificate holder for the accomplishment of the particular maintenance. Once this evaluation has taken place, the certificate holder will detail to the MP how the maintenance needs to be accomplished. It should also include the method for disseminating the authorization and specific work instructions to the MP. This evaluation process and subsequent dissemination to the contract provider should be described within the certificate holder's contract maintenance program portion of its CAMP. Instead of the certificate holder revising its CAMP each time this process takes place, the certificate holder can place the specific work instructions to the MP in the contract or in a letter. This process, as a whole, complies with the requirements to perform maintenance in accordance with the certificate holder's manuals per §§ 121.363(b), 121.367(a), 121.368(c), 121.379(a), 135.413(b)(2), 135.425(a), 135.426(c), and 135.437(a).

3) Certificate holders should differentiate these policies and procedures between the different levels of contract maintenance (e.g., EMPs versus non-EMPs, or providers of on-aircraft work versus a repair station who repairs components). Once the certificate holder and the contract provider enter into an agreement in which the certificate holder will accept the MP's procedures, those procedures are now part of the certificate holder's CAMP. Any revisions to the accepted procedures by the contract provider, in effect, revise the certificate holder's CAMP.

Policies and procedures should be contained in the certificate holder's CAMP to ensure that the certificate holder is in control of its CAMP. They should ensure that the certificate holder is aware of any such revision prior to the contract provider implementing those revisions. These procedures should include a method to reevaluate the revisions (as described above) and determine if they continue to be acceptable to the certificate holder. The manuals should identify who is responsible to ensure that this process is functioning and who has the authority to revise this process.

F. Determine Qualification to Perform Essential Maintenance for a Certificate Holder.

1) For EMPs. Before identifying any MP in the listing required by §§ 121.369(a) and 135.427(a) (as an entity, the certificate holder intends to authorize the accomplishment of essential maintenance for it), the certificate holder shall, consistent with §§ 121.365, 121.367, 121.373(a), 135.423, 135.425, and 135.431(a), conduct an onsite audit designed to determine that each proposed EMP has an adequate organization and provides competent personnel and adequate facilities and equipment for the essential maintenance intended. The audit shall ensure that the essential maintenance can be performed in accordance with §§ 121.369(b) and 135.427(b).

2) Communication Between the Certificate Holder and the CHDO. Revisions to the MP listing are a normal part of doing business and, because in some cases it happens very frequently, it is a process that should be well documented in the certificate holder's manual. The revisions should occur through the provisions of §§ 121.368(h), 121.369(a), 135.426(h), and 135.427(a). The certificate holder must keep in its manual a list of other persons with whom it has arranged for the performance of any required inspections, maintenance, preventive maintenance, or alterations. Additionally, notification of the revision must occur through the provisions of §§ 121.368(h) and 135.427(h), where the certificate holder must furnish the CHDO with an updated list by the last day of each calendar-month.

3) C.A.S.E. Audit Report. Certificate holders may not substitute a current C.A.S.E. audit report for the required onsite audit. For EMPs, before identifying any MP in the listing required by §§ 121.369(a) and 135.427(a) as an entity that the certificate holder intends to authorize to accomplish essential maintenance for it, the certificate holder shall (in accordance with §§ 121.365, 121.367, 121.373(a), 135.423, 135.425, and 135.431(a)) conduct an onsite audit designed to determine that each proposed EMP has an adequate organization and provides competent personnel and adequate facilities and equipment for the essential maintenance intended. The audit shall ensure that the essential maintenance can be performed in accordance with §§ 121.369(b) and 135.427(b).

NOTE: The certificate holder should submit a copy of the audit report to the CHDO, PMI, and PAI for review in a checklist or summary analysis form. That report should show how the certificate holder made its determination that all of the requirements in this chapter have been adequately addressed.

3-3850 TASK OUTCOMES.

A. Complete the Task. Completion of this task will result in one of the following:

- 1) If the operator's manual and MP are determined satisfactory, accept the manual and issue OpSpec D091 (part 121). Follow the guidance in Volume 3, Chapter 18, Section 6.
- 2) If the operator's manual is determined to be unsatisfactory, return the manual for corrections.
- 3) If the MP is determined to be unsatisfactory, deny the operator the use of that provider.

B. Update Configuration Data. If the MP is accepted, update the certificate holder's configuration data within the SAS configuration module. For more information, see Volume 10, Chapter 2, Section 1, Safety Assurance System: Module 1 Configuration.

C. Document the Task. File all supporting paperwork in the operator or applicant's office file.

D. Complete the Applicable SAS DCTs. Follow SAS guidance for data quality guidelines.

3-3851 FUTURE ACTIVITIES. Follow SAS guidance.

RESERVED. Paragraphs 3-3852 through 3-3865.